



## Project Support

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### FARM MEDIATIONS: DEALING WITH EMOTIONS COMES FIRST

Helping farm families and lenders deal with the emotions of loan defaults and possibly losing the farm is the first step voluntary mediators in Minnesota are facing.

At the first mediation session, anger, mistrust and lack of communication surfaces, says Kathy Mangum, Project Support coordinator for the University of Minnesota's Extension Service. "Mediators must first convince all parties that they will be heard and that it's not a 'no-win' situation," she adds.

"Usually by the second mediation session the farm family and lenders can get to the task of restructuring debt and looking at options. But initially, the farm family and lenders often think there's no possible remedy--that nothing will work.

"Farm families facing a possible foreclosure need to know that their 'worst fear' scenarios are normal. But they need to hang in there and come back for the second mediation session.

"I know of some lenders who are making some amazing concessions to keep families in farming. But mediation is not a process where only one party wins or loses 100 percent. All

parties need to give to reach an agreement.

"All parties will be heard. Even where mediation produces an agreement to liquidate the farm, the farm family will be heard and be part of that decision," Mangum says.

Surveys by lenders show that possibly 1,500 mediation sessions could be requested. "The program is really just beginning," Mangum says. As of mid-March, reports from county agents show three cases completed, with 184 requests for mediation received at county extension offices. Some are pending and many are in progress.

"Some people may think that these figures are low, but we're finding that publicity about the mediation program is getting farm families and lenders back on speaking terms. This was not happening before we had a voluntary mediation program. Now we're finding there's lots of debt restructuring going on outside of the mediation process," she says.

"We're also finding that many more borrowers are requesting a farm financial analysis through the FINPACK program available through the extension service. These people are not coming in requesting mediation, but once they have the financial analysis they're going directly to the lender and starting to communicate again.

"Unfortunately, there are also many farm families who are not taking the initiative to seek mediation. They're still caught in the denial stage of the grieving process. Other borrowers seem reluctant to extend the confidentiality beyond themselves and a lender, even though the mediator is bound by the rules of mediation to keep the case confidential. We need to help these people trust the confidentiality of mediation," she says.

More information on the voluntary mediation program is available through the toll-free Project Support Hotline at 1-800-843-4334, or from any Minnesota county extension office.

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